

AMENDED IN SENATE AUGUST 7, 2006

AMENDED IN ASSEMBLY JANUARY 23, 2006

AMENDED IN ASSEMBLY MAY 3, 2005

AMENDED IN ASSEMBLY APRIL 21, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1430**

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**Introduced by Assembly Member Goldberg  
(Coauthor: Assembly Member Yee)**

February 22, 2005

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An act to amend Section 39607.5 of the Health and Safety Code, relating to air resources.

LEGISLATIVE COUNSEL'S DIGEST

AB 1430, as amended, Goldberg. Air Contaminants.

Existing law requires the State Air Resources Board to develop and adopt, at a public hearing, a methodology for use by air pollution control districts and air quality management districts to calculate the value of credits issued for emission reductions from stationary, mobile, indirect, and areawide sources, including those issued under market-based incentive programs, when those credits are used interchangeably, with certain requirements. Existing law specifies that the state board shall perform specified functions in developing the methodology. Existing law also requires the state board to periodically update the methodology as it applies to future transactions, if necessary.

This bill would require the ~~Advisory Committee on Environmental Justice~~ *state board's environmental justice advisory committee* to review each updated methodology.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 39607.5 of the Health and Safety Code  
2 is amended to read:

3 39607.5. (a) The state board shall develop, and adopt in a  
4 public hearing, a methodology for use by districts to calculate the  
5 value of credits issued for emission reductions from stationary,  
6 mobile, indirect, and areawide sources, including those issued  
7 under market-based incentive programs, when those credits are  
8 used interchangeably.

9 (b) In developing the methodology, the state board shall do all  
10 of the following:

11 (1) Ensure that the methodology results in the maintenance  
12 and improvement of air quality consistent with this division.

13 (2) Allow those credits to be used in a market-based incentive  
14 program adopted pursuant to Section 39616 that requires annual  
15 reductions in emissions through declining annual allocations, and  
16 allow the use of all of those credits, including those from a  
17 market-based incentive program, to meet other stationary or  
18 mobile source requirements that do not expressly prohibit that  
19 use.

20 (3) Ensure that the methodology does not do any of the  
21 following:

22 (A) Result in the crediting of air emissions that already have  
23 been identified as emission reductions necessary to achieve state  
24 and federal ambient air quality standards.

25 (B) Provide for an additional discount of credits solely as a  
26 result of emission reduction credits trading if a district already  
27 has discounted the credit as part of its process of identifying and  
28 granting those credits to sources.

29 (C) Otherwise provide for double-counting emission  
30 reductions.

31 (4) Consult with, and consider the suggestions of, the public  
32 and all interested parties, including, but not limited to, the

1 California Air Pollution Control Officers Association and all  
2 affected regulated entities.

3 (5) Ensure that any credits, whether they are derived from  
4 stationary, mobile, indirect, or areawide sources, shall be  
5 permanent, enforceable, quantifiable, and surplus.

6 (6) Ensure that any credits derived from a market-based  
7 incentive program adopted pursuant to Section 39616 are  
8 permanent, enforceable, quantifiable, and are in addition to any  
9 required controls, unless those credits otherwise comply with  
10 paragraph (2).

11 (7) Consider all of the following factors:

12 (A) How long credits should be valid.

13 (B) Whether, and which, banking opportunities may exist for  
14 credits.

15 (C) How to provide flexibility to sources seeking to use credits  
16 so that they remain interchangeable and negotiable until used.

17 (D) How to ensure a viable trading process for sources  
18 wishing to trade credits consistent with this section.

19 (E) How to ensure that, if credits may be used within and  
20 between adjacent districts or air basins where sources are in  
21 proximity to one another, the use occurs while maintaining and  
22 improving air quality in both districts or air basins.

23 (c) If necessary, the state board shall periodically update the  
24 methodology as it applies to future transactions. ~~The Advisory~~  
25 ~~Committee on Environmental Justice, established pursuant to~~  
26 ~~Section 71114 of the Public Resources Code, state board's~~  
27 *environmental justice advisory committee* shall review each  
28 updated methodology.

29 (d) The state board shall periodically review each district's  
30 emission reduction and credit trading programs to ensure that the  
31 programs comply with the methodology developed pursuant to  
32 this section.

33 (e) The state board shall post on its Web site, at a minimum by  
34 January 1 each year, actions taken by the state board to  
35 implement this section.